- C3935-1
8/31/87

Folio:

SEPTEMBER 1987 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.00

Running in place

Why haven't consumer magazines, backed by the Magazine Publishers Association, increased magazines' share of national ad dollars, even with network TV losing audience? Like Alice in Wonderland, the industry is running and running and getting nowhere. **96**

Paper use to rise 6% through '88

Despite projections of modest growth in paper consumption this year and next, publishers plan to use less foreign tonnage, MPA survey shows. **19**

Controlled titles: Sell paid subs

Don't turn away easy revenue; sell subscriptions to readers who don't qualify to receive your magazine for free, advocates Miller Freeman's circulation vp. **28**

Grow or die?

The edict to "grow or die" may have less relevance to magazine publishing companies than the need to renew and regenerate already existing strengths. **108**

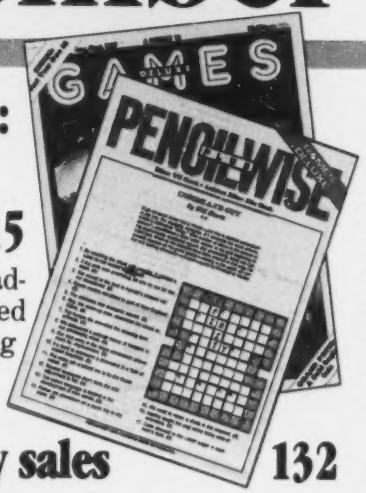
Ad tracking services add competitive edge

Computerized and customized, ad monitors show who the advertisers are and who's getting their ads. A guide to getting the most from reports. **121**

Magazines target co-op ad dollars

Of $13 billion available for co-op ads—those in which retailers and manufacturers share the cost—half goes unclaimed. Some publishers are tapping the vein by doing the retailer's legwork. **19**

September 1987



Customized editorial: Are you missing an opportunity? 115

The pros and cons of offering readers elective editorial are discussed by Jerry Calabrese, who is making this marketing vision a reality at two national magazines.

Trends in single-copy sales 132

Statistics and insights on negative single-copy trends are provided by veteran E. Daniel Capell, editor of *Capell's Circulation Report*.

Negotiating a magazine sale: 11 factors to consider 192

Understanding the unique perspectives of the different bidders will help you get the best price for that magazine you are selling, an investment banker explains.

Are you a 'desktop addict'? 169

A recovering addict confesses how he made compromises in magazine design and production as a result of his habit.

Business press networks pursue consumer advertising 22

Cahners Publishing knows its readers are upscale executives with money to burn. Like others in the business press, it hopes to attract consumer ads with a network buy.

Should editors meet advertisers? 20

Yes, because no one can explain a magazine's *raison d'etre* better than the editor. And no, because it smacks of conflict. Editors share their views.

UPDATE

USPS realignment: Is it working? 24
Desktop used behind scenes. 41
Gralla's new head plans expansion. 46
Copyright treaty meets opposition. 50
What's ahead for CBS Magazines? 67

COLUMNS

Bigger pages: A new trend? by John Peter. 137
Synergistic media help boost circulation, by Eliot Schein. 167
The 'circulation kit,' Part 2, by Ron Scott. 171
TV: How editors can fight back, by John Fry. 175
Creative restraints on circ promotion writers, by Pat Farley. 177

DEPARTMENTS

Briefings 7
Letters 12
Joe Hanson on Magazines 17
Update 19
Magazine People 61
Magazine Watch 67
List Watch 81
Calendar 91
Literature Showcase 140
Computers in Publishing 149
Point of View 192

dent of corporate development, adds that the expansion could include electronic and database publishing. Cahners Publishing, which signed a letter of intent in mid-July to purchase *Variety*, has declined to disclose the purchase price. Silverman says the reported price range of $45 million to $60 million was on the "low side."

Who's earning what in circulation?

The results of FOLIO:'s third annual circulation salary survey are in: The average salary for a circulation director in 1987 is $40,481, a 7.8% increase over last year. And this year, the average salary for a circulation manager is $26,632, up 6.9% from 1986. Being in a bonus plan really pays off. Circulation directors and managers who are part of an incentive program earn over 30% more in total compensation than those who are paid salary only. Many respondents also offered comments about compensation and job satisfaction—or dissatisfaction. Wrote one frustrated executive: "I am not thrilled with this industry. Every circ director that I speak with finds magazine wholesalers impossible. Sharing the discount with retailers 50:50—ludicrous!" Look for complete details in the next issue of FOLIO:.

Five-year battle over sale of *The Atlantic* ends, and the winner is . . . ?

Both sides in the legal tangle over the 1981 sale of *The Atlantic* had something to cheer about when the jury issued a verdict in midsummer. The suit was initiated several years ago by five former *Atlantic* owners and employees against Mortimer Zuckerman, the real estate mogul who purchased the magazine, when Zuckerman withheld approximately $2.7 million of the $3.6 million price. Zuckerman countersued, claiming the former owners had misled him about the magazine's financial health. The suits were tried simultaneously in Federal Court in Boston. The jury found no basis for fraud claims. At press time it was still not known what sum Zuckerman would be required to pay in principal and interest to the plaintiffs; judgment could be as high as $1.5 million. But the jury said that the sellers had breached certain warranties, and that Zuckerman would be awarded $500,000 in damages. This figure was expected to be reduced, however, because of tax adjustments. In 1986 Zuckerman had settled with Robert Manning, former editor of *The Atlantic*, in a separate case.

Former magazine executive gets MPA presidency

It took five months for the Magazine Publishers Association (MPA) to find a new president who meets all the criteria set by the search committee, including substantial magazine experience. The selection is Donald Kummerfeld. His appointment ends a search to replace William Gorog, MPA president for the past five years. Kummerfeld has held various governmental posts as well as executive positions in the magazine publishing industry. He was president and chief operating officer of News America Publishing, Rupert Murdoch's company, from 1978 to 1985. Kummerfeld was also a founding partner of Government Research Corporation, one-time publisher of *National Journal*. He currently heads Kummerfeld Associates, an investment banking and consulting firm. He will no longer play an active role in the firm. Such legislative issues as the ad tax situation in Florida and the ongoing postal rate case will require diligent MPA involvement, says Kummerfeld, but he plans to take on "less headline-grabbing" challenges as well. The rising cost of production and distribution must be addressed, he says. Also high on the agenda: continuing to tout the value of magazine advertising. *(See feature on page 96 addressing MPA's ad marketing challenge.)*

Ad pages flat for first half; revenues increase slightly

The 146 magazine members of the Publishers Information Bureau (PIB) reported an average page increase of only 0.3% for first-half 1987 over first-half 1986. In total, the magazines ran 74,475 ad pages. Average ad revenue, at $2.56 billion, was up 2.6% for the period.

Among women's magazines, fashion titles showed solid revenue gains, with several registering double-digit percentage increases. Magazines reporting page growth in excess of 50% include *American Heritage*, *Cable Guide*, *Discover*, *Endless Vacation* and *Elle*, which leads the pack with a 58.1% page increase. On the down side, *Business Month*, *California*, *Texas Monthly*, *Games* and *Spectrum* each reported losing more than 22% of their page totals from first-half 1986. Among the top 10 revenue earners, *Business Week* made the greatest percentage gains, with 20.5% revenue growth on 13.1% more pages.

PIB figures for the first six months

	1987	1986	% change
Dollars	$2,560,107,613	$2,496,242,007	2.6
Pages	74,475.07	74,244.60	0.3

UPDATE

Magazines target co-op advertising

Splitting advertising cost with suppliers brings more local retailers to magazine client lists

Thirteen billion dollars is budgeted each year by manufacturers for cooperative advertising programs—those in which the manufacturer and retailer share the cost of advertising—but as much as half goes unused. Whereas newspapers have traditionally taken the bulk of the co-op advertising dollars spent, a wide range of regional and national magazine publishers are finding co-op budgets a significant source of advertising revenue.

According to Rick Acquaviva, associate publisher of *Peninsula*, a San Francisco Bay area magazine, retailers often don't know what they have coming to them in terms of co-op ad allowances, yet many manufacturers are increasingly eager to have retailers use their allowances. "We're finding co-op funding for retailers," says Acquaviva, "and it's closing a lot of deals for us."

TV Guide, recognizing manufacturers' push not only to encourage retailers to use co-op programs, but even to increase the co-op funding available, increased its emphasis in the area three years ago. According to merchandising manager Bob Bloss, co-op funds now account for a sizable proportion of *TV Guide*'s total ad revenue.

Says Roger Tremblay, publisher of

(CONTINUED ON PAGE 32)

***Cooperative ad allowances** that split costs between retailers and their suppliers allow both to reach local audiences they wouldn't otherwise.* Chicago, TV Guide *and* City Sports *have received substantial new local business by encouraging retailers to use co-op funds.*

Paper use expected to grow 6.2% through '88

Publishers predict dramatic drop in foreign paper use in '87, MPA survey says

Eighty-four publishing companies responding to the Magazine Publishers Association's annual paper survey said they expect to boost their paper use this year by 2.6 percent, to 1,463,392 tons from 1,426,119 tons in 1986. Moreover, they expect to increase paper use in 1988 by 3.5 percent compared to 1987, raising the total to 1,515,111 tons. The two-year increase amounts to 6.2 percent.

The survey also revealed the following data about paper use this year and next:

• The predominant type of paper used by respondents continues to be coated groundwood. In 1986, this type accounted for 72.9 percent (or 1,039,371 tons) of total tonnage, and is projected to account for 73.7 percent in 1987, and 73.5 percent in 1988. But the paper type expected to experience the greatest percentage growth between 1986 and 1987 is coated free, which the publishers said will jump 7.1 percent—from 85,918 tons to 92,014 tons.

• Respondents expect to use significantly less imported paper in

1987—49,673 tons, down nearly 22 percent from the 60,528 tons used in 1986. Imported paper will account for about 3.4 percent of all paper used in 1987, down from 4.2 percent last year. In 1988, however, the publishers projected use will grow to 55,321 tons, an 11.4 percent rise over 1987.

• At the time the survey was taken, 19.3 percent of the respondents had paper inventories of one to 30 days; 47 percent had 31- to 60-day inventories; 15.7 percent had stock for 61 to 90 days; and 8.4 percent reported supplies of 91 days or more. The rest didn't have access to inventory figures.

• Respondents expect the choice of paper basis weights to remain generally the same this year and next. The publishers did note, however, that they expect use of 38-pound weights to grow from 3.3 percent of the total to 6.1 percent in 1987 and to 6.5 percent in 1988. In addition, they foresee use of 40-pound weight to drop from 25.8 percent of total poundage to 23.3 percent in 1987 and to 22.9 percent in 1988.

• Respondents indicated that 74 percent of paper used will be printed on offset presses in 1987, up slightly from 73.5 percent in 1986. The figure will drop to 72.3 percent in 1988, respondents said. Accordingly, the percentage of paper printed via the gravure process will fluctuate from 26.5 percent in 1986 to 26 percent in 1987 and 27.7 percent in 1988.

• Finally, 9.6 percent of respondents plan to change to a narrower paper roll size this year; none plan to adopt a wider size. Last year 13.3 percent of respondents changed to a narrower paper roll.□

Publishers predict modest growth in paper use

(In tons)

	1986 actual	1987 projected	% change vs. 1986	1988 projected	% change vs. 1987
Coated groundwood	1,039,371	1,078,279	+3.7%	1,113,641	+3.3%
Coated free	85,918	92,014	+7.1	99,484	+8.1
Uncoated groundwood	220,776	224,567	+1.7	227,545	+1.3
Uncoated free	19,526	18,859	−3.5	19,120	+1.4
Imports	60,528	49,673	−21.9	55,321	+11.4
Total	1,426,119	1,463,392	+2.6%	1,515,111	+3.5%

Source: Magazine Publishers Association

COURTESY OF CHAMPION INTERNATIONAL CORP.

***The predominant type of paper** used by respondents to a Magazine Publishers Association survey continues to be coated groundwood.*

Stable use of basis weights expected

(% of tons used)

Weight	1986	1987	1988
32 and below lbs.	3.8%	3.8%	4.0%
34 lbs.	32.5	31.8	31.8
36 lbs.	16.6	17.1	16.8
38 lbs.	3.3	6.1	6.5
40 lbs.	25.8	23.3	22.9
45 lbs.	5.3	5.5	5.5
50 lbs.	5.0	5.0	4.9
60 and over lbs.	7.7	7.4	7.6
Total	100.0%	100.0%	100.0%

Source: Magazine Publishers Association

***Growth in the use of 38 lb. paper** is expected—to 6.1 percent of total tonnage in 1987 from 3.3 percent in 1986. A decline is seen in the use of 40 lb. paper.*

Should editors meet advertisers?

Most editors agree to presentations but refuse involvement in sales effort

From a business point of view, editors can be very influential in an advertising purchase decision. Because no one knows the editorial vision of a magazine as well as the editor, publishers frequently ask to take advantage of that enthusiasm and insight to sell advertising.

Yet for many editors, such business relationships appear to violate the strict separation of church and state. Meeting with advertisers, they argue, opens the magazine's editorial integrity to question and the editor to compromise by building inroads for advertiser influence. Ostensibly, concerns about editorial visits with advertisers led, in part, to the resignation of *Manhattan,inc.* editor Jane Amsterdam.

Is it appropriate for editors to meet with advertisers? Editors contacted by FOLIO: answered a "qualified sometimes."

According to Midge Richardson, editor of *Seventeen*, editors can't ignore the reality that magazines are big business, and that editors are critical players. If a purchase decision comes down to picking one of three magazines, she says, the agency or client is going to pick the title whose people he knows and likes doing business with.

Some prefer to appear

Leo Scullin, director of print media at Young & Rubicam, agreed, saying agency people rely on personal judgment, not just numbers, in making a buying decision, and a personal appearance by an editor can influence

Business press networks pursue consumer ads

The hurdle is to convince advertisers that nonpaid circulation is valuable

Why would automobile makers want to reach readers of such magazines as *Datamation, Plastics World, Industrial Distribution* and *Restaurants & Institutions*? Because those readers are upscale, college-educated professionals who buy cars. And they frequent airlines and hotels, require financial services, buy personal computers . . .

That is the message Cahners Publishing Company, which owns the four titles and dozens of others, is spreading in efforts to wrest consumer advertising dollars from the general interest business press—primarily *Forbes, Fortune* and *Business Week*.

In July, Boston-based Cahners introduced Cahners Magazine Network, offering a combination buy for 35 business titles. Springhouse Corporation, Springhouse, Pennsylvania, took the same tack last year for three of its magazines. In so doing, Cahners and Springhouse are following the lead of other major business magazine companies, including McGraw-Hill Publications Co. and Penton Publishing, which have established ad networks aimed at luring consumer product advertisers by promoting the networks' size and comparable demographics.

The Cahners network has a combined circulation of 2.7 million, mostly nonpaid subscribers. Its circulation outnumbers that of *The Wall Street Journal, Forbes, Fortune* and *Business Week*, a fact that Cahners vice president and publisher Peter Boniface is quick to point out. On a cost per thousand basis it has priced a page well below the consumer competition.

Cahners is backing up demographic claims about its readers with a subscriber study done by Simmons Market Research Bureau, New York City, known for its widely followed syndicated studies of consumer magazine readership.

At press time, Springhouse was preparing to release a Simmons study analyzing the subscribers of its *Nursing '87, NursingLife* and *Learning87*, says Marlene Jensen, vice president of magazines. The network formed by the three titles has a combined circulation of 850,000 paid.

Preliminary results show that the subscriber base to the Springhouse magazines is 94 percent female. Their mean income is $44,000, 64 percent are married and 68 percent are household heads. Any products targeted to mothers with little spare time are of interest to these readers, Jensen argues, yet advertisers aren't reaching the group through women's magazines. Only 9 percent of these women read *Redbook*; 13 percent read *McCall's* and just 4 percent read *Working Woman*.

A* Forbes *or a* Business Week *may be more well-known, but they aren't read as intensely by professionals as specialized business magazines that cover specific industries, contends a Cahners ad exec. Above, some of the 35 magazines in the new Cahners network.

Acceptance is growing

The formation of business networks is an idea coming into its own, says Lee Haas, vice president, publisher of Penton Executive Network, referring to the number of new contenders. But the concept of advertising consumer products in specialized business magazines still has not gained total acceptance. One problem is the ad community's belief that paid circulation is more valuable, he says.

Business publishers have turned to controlled circulation to ensure that their magazines reach the decision makers; yet the advertising community believes that if someone pays $5 for a magazine, he or she wants it more than the person who receives it free, explains Haas, who offers advertisers 13 magazines with a 1.7 million combined circulation.

Convincing the ad community of the value of the business magazine buy is an educational process. The general business magazines had the same problems when they were launched, Haas says. "Fifty years ago general advertisers wanted to be in general interest magazines," he says. The first *Business Week* sales representative selling Pontiac or Cadillac ran into the same resistance. Today *Business Week* generates $166 million in advertising revenue annually, he notes.

Penton suggests to advertisers that the specialized business press is an unknown with potential. "They've tried reaching the elusive consumer through television, radio, billboards—all media. Why not use the business press?" he asks.

Some agencies see Haas's point. Scali McCabe Sloves Inc. has used business magazines to promote products from its client, Sharp Elec-

How business magazine networks stack up against general interest business titles

	Worldwide circulation	1 B&W page	Cost per thousand
The Wall Street Journal	2.1 million	$102,635	$48.87
Business Week	950,000	35,150	37.00
Fortune	802,000	29,440	36.71
Forbes	786,000	24,930	31.72
Cahners Magazine Network	2.7 million	64,320	23.82
Chilton's All Business Network	1.4 million	20,333	14.52
Penton Executive Network	1.7 million	24,740	14.55
McGraw-Hill Management Network	1.7 million	39,745	23.38

Source: Standard Rates & Data Service and Audit Bureau of Circulations, except for Cahners and McGraw-Hill. Circulation figures have been rounded off.

***Business magazine publishers** are trying to get a piece of the consumer advertising pie by showing that their networks reach more business people, more efficiently, than the well-known, general business titles. They note that their cost for reaching one thousand readers (CPM) is lower than that of the consumer-oriented titles.*

tronics Corporation. Reduced advertising budgets are pushing advertisers to look for new buys, making the specialized business press look more attractive, says Lawrence Brittan, assistant media planner.

Page positions are also a plus in the business press. The size of the advertising wells are not as great in a business magazine as they are in a consumer magazine; most ads can face an editorial page, he says.

In fact, Scali uses more business magazines than consumer titles to promote Sharp's products. "The nature of the business magazine is more selective in editorial and more intensive in reading. Accountants are more interested in an accounting magazine than in *Business Week*," he says.

McGraw-Hill, publisher of *Business Week*, formed Management Network six years ago. The network's 20 specialized business magazines—*Business Week* isn't part of it—have a total circulation of 1.7 million. The network has pulled in advertising from IBM, AT&T, TWA, Northwest Airlines, Inc., and Hilton Hotels Corporation, among others. Last year total net revenues after agency discounts were $2.5 million, says David Metz, general manager for the network.

Chilton Company is a recent contender in the network game. The company introduced a group buy of 16 magazines with combined circulation of 1.4 million in March. So far, the network has not taken in any national advertising, reports James White, vice president of corporate marketing.

The network is Chilton's second effort at a group buy. Six years ago it formed one to sell its business magazines, but was not very successful. The problem was finding a way to present information about subscribers that the advertising agency community could relate to, White says.

"Most business-to-business publishers just think in terms of professionals," he explains. "Our salesmen weren't geared to say 'the reader of our magazine happens to be highly educated, travels three times more than anybody else and buys foreign cars.' "

The Chilton network is not measured by either Simmons or Mediamark Research, Inc. (MRI). MRI does measure McGraw-Hill and Penton.

Smaller firm has success

A smaller specialized business magazine publisher has had some success selling consumer advertisers. For almost two years Warren, Gorham & Lamont, Inc., New York City, a directory, newsletter and magazine publisher, has been selling a network of six magazines to such advertisers as Omega Watch Corp., Consolidated Cigar Corporation and Charles Schwab & Co., a financial services company, says Frank Lee, ad sales director.

The company commissioned a $50,000 readership study from Readex Incorporated. It found that, although the subject matter of the six paid circulation publications was very different—covering such diverse fields as real estate, law and accounting—the readers' demographic profiles were very similar, he says. The audience for all the magazines was mostly male, in their 40s, and in top managerial positions.

Still, some advertisers balked at the diverse fields covered by the six titles. "They would say flatly, 'We don't buy real estate books,' " he explains. For that reason advertisers are offered partial network buys. Cahners and McGraw-Hill also offer partial buys.□

USPS realignment: Is it working?

Local policy rulings a mixed blessing, but USPS relations improve

Now a year into the U.S. Postal Service reorganization implemented by former Postmaster General Albert Casey, there remain complaints—but mainly among postal managers themselves. Second and third class mailers, on the other hand, are finding the realignment that affected hundreds of thousands of postal workers nationwide has had little negative impact on their day-to-day dealings with the Postal Service. In fact, outside of the current postal rate case, the Postal Service may be enjoying the most positive relationship with major mailers it has had in many years.

The reorganization basically removed district offices, scaled back the five regional offices, and put more operating authority in 74 divisions. For mailers, that has meant more immediate and efficient decision making in the field. The theory is that local managers, dealing more closely with their cus-

Ad tracking services add competitive edge

Computerized and customized, ad monitors show who the advertisers are and who's getting their ads

BY PAUL FRICHTL
ASSOCIATE EDITOR

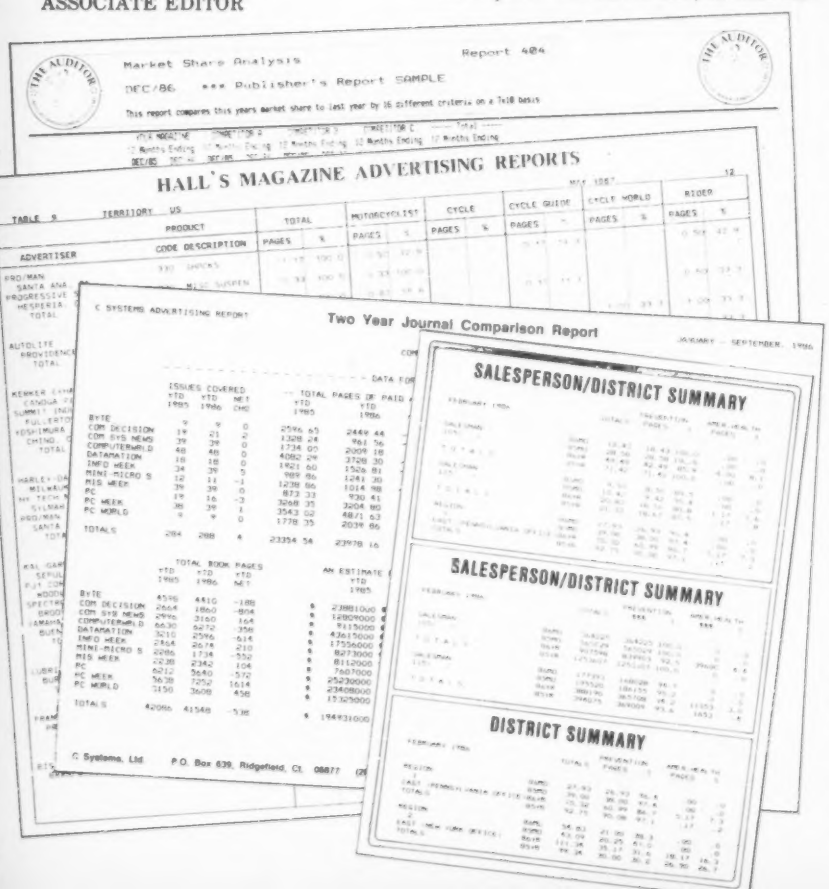
Most magazines track their competition's advertising in one way or another. At its most basic, ad tracking might involve individual salespeople, the sales manager and the publisher leaning back in their chairs and leafing through a competitor's latest issue. On occasion, someone might scribble out the name and address of an advertiser with which he or she is unfamiliar.

At the other extreme are a number of professional ad tracking services that provide publisher clients with a series of monthly reports and sales activity summaries that detail everything from a single salesperson's market share for a particular advertiser, to who the new advertisers are in that territory; from the effectiveness of one magazine's six-time rate against another's, to the size of the schedule key advertisers are running with the competition. Such tracking services offer competitive information in dozens of report forms—standard and customized—that continuously track such key variables as dollars spent, pages run and percentages of total market share.

For the publishers subscribing to ad monitoring services, the reports are particularly valuable management and sales tools. They help salespeople determine who is running advertising, how much they are running, and which of their competitors are getting the business. Similarly, for management, competitive reports can rank advertisers by ad budgets, identify the most profitable product categories and single out where a sales force's time would be best spent. The reports help executives better manage their sales force, anticipate market changes and target growth areas.

The data required to generate such reports are available to anyone: It comes from published magazines and rate cards. Some publishers have been compiling that kind of information in-house for years. Most likely, it has been a priority for them—high enough that they've invested in the personnel, and perhaps computers, necessary to produce competitive analysis reports on a consistent basis. But, for most publishers, according to both vendor and publisher sources, tracking efforts are erratic and primitive.

The difference offered by professional services is the sophisticated way the data are manipulated and molded



***Computerized tracking reports** give managers a finely focused view of sales force performance compared to ad market trends.*

into report form. Ad tracking vendors operate large databases that quickly and accurately reconfigure detailed data entries into virtually any form a customer requires. The software, in most cases, was developed specifically for publishing applications; many of the reports are the result of a publisher's special request, which was later added to the vendors library of reports. Convenience and timeliness are two of the key attributes of professional tracking vendors. They develop competitive analyses from real, published data. They reshuffle historical figures to point up developing trends and, in one-page summaries each month, tell a publisher where he's at and where his market is going.

Says David Wexler, group vice president at Cahners Publishing, "[Tracking services] allow a publisher to know where his publication is in relation to other publications—not in terms of gut feeling, but in terms of reality."

Adds media consultant Arthur Rosenfield, "You have to know what the competition is doing. Any publisher who doesn't use a tracking service is missing a real opportunity."

A bench mark for publishers

The best measure of a magazine's position in a market is not necessarily sales this year versus last, but how a magazine measures up to its competition in total share of advertising linage in the marketplace. According to J.J. Howlett II, publisher of *Aviation Equipment Maintenance*, the whole point of ad tracking is to know what advertising is in the marketplace and who the competition really is—"That's anyone out there who is taking away ad dollars," he says. Narrowing that down, he cites seven magazines in the aviation trade field from which he feels his four-year-old magazine should be taking revenue. He tracks those seven through a professional service.

For Howlett, territorial reports giving dollar and percentage figures show how each of his sales offices stacks up against its competitors. "It shows us where we're going," he says. "It's a bench mark that tells us how many pages and advertising dollars are in a given area and what our penetration is, this year versus last year."

He also finds the reports to be valuable resources for pointing his salespeople in the right direction. "You've got to give your salespeople all the tools you can. We're giving them people who are already spending advertising dollars." Much of that market share he has apparently been able to draw away. Although it's difficult to attribute success directly to the possession of competitive information, Howlett says, "What it also shows us is that, in the aviation field, everyone else was down last year and we were up 57 percent. That's a pretty strong sales tool in itself."

> Professional tracking services allow a publisher to know where his publication is in relation to others—not in terms of gut feeling, but in terms of reality.

Competitive information can be especially helpful for a magazine trying to get the most from a small sales force. *Welding Journal*, a Miami-based trade title, has only one full-time salesperson for the East Coast. Publisher Richard French says tracking reports make it easy for him to spot the advertisers he wants a salesperson to go after: "If I see in the reports that someone's doing 10 pages with the competition and none with me, then that's a good prospect."

In the first nine months of 1986, *Welding Journal* pages were up 39 percent and its market share rose 15 percent.

In addition to providing sales leads, tracking reports help some publishers keep track of ad markets that can be extremely fluid, but subtle. David Persson, publisher of *Electronic Media*, a Crain Communications title covering the television syndication market, says sales territories can change with comings and goings of advertisers. He is trying to keep close track of an active market by monitoring a number of product categories, such as equipment

Getting the most from tracking reports

Competitive ad tracking reports have two basic functions: to help salespeople to know what is going on in their marketplace, and to help managers take a broader view to help salespeople get the most out of their territories. The key for managers using these reports, according to advertising sales consultant Arthur Rosenfield, is to require salespeople, each month, to do a "brutally honest analysis" of his or her territory and report specific activity plans that will improve their market penetration. Following are questions that Rosenfield suggests salespeople use in conjunction with their report analysis.

- How many pages have run in my territory? Month? Year to date? Last year?
- What is my market share? Up/down?
- How does my publication rank in market share in my territory?
- Who are the top advertisers in my territory? What is my position with them?
- What accounts are strong with other publications?
- Did any new accounts break in my territory?
- Were there any shifts in schedules?
- Are the schedules different from what I was told?
- Can we improve a schedule by addition or by substitution of our publication?
- Do any publications have exclusive accounts?
- Is my target account list up-to-date and complete?
- Is there information in the report that might be helpful for ad agencies or accounts?
- Can these be used to develop annual projections?

manufacturers, financial companies and television stations, in order to better plan promotional efforts.

Perhaps equally unstable in Persson's market is the number of magazines competing for that advertising. Says Persson, "There are always a lot of players coming into the market, and there's always some magazine leaving the market. We like to anticipate trends, not just react to them."

One magazine even started a new edition as the result of information gleaned from ad tracking reports. Because ad tracking services pick up regional editions and local magazines that most salespeople might never see, this publisher noticed that a large number of advertisers, who were giving no business to his magazine, were giving exclusives to a Florida regional magazine. That national magazine now publishes a successful Florida edition.

For most publishers, the primary use for ad tracking reports is in-house sales management. However, *Distribution* magazine, a Chilton book, has found an important secondary use for its competitive data: Advertisers are often eager to see what their competition is doing. One prime area of coverage for the magazine is the transportation industry. Railroad carriers, for instance, want to know where their competition is running advertising and how much they are spending. According to Di Ann Vick, marketing services manager, the information is not flaunted freely between competing advertisers, but for those advertisers who have asked, the reports have proven influential in convincing advertisers to increase ad budgets to compete better. Vick also adds that having an independent third party develop the figures enhances the authority of this type of pitch.

Russ Weller, president of Weller & Associates, an independent sales representative in Chicago, appreciates perhaps more than most the value of professional reports. His company deals with eight different consumer magazines and gets a wide variety of reporting from those publishers—from detailed professional reports to an occasional disorganized package of photocopied ads, many of which are not even from his territory. From his own experience, he says most publishers simply cannot generate adequate, consistent reports in-house as efficiently as a tracking service.

"It's not that expensive to do," he adds. "In fact, it's one of the best values I've found."

Some still prefer hands on

There are those publishers, however, who prefer to do the manual work in-house. In fact, according to both vendor and publishing sources, most magazines do not hire third-party services to track their competition. Although the number of magazines tracked ranges into the thousands, the number of magazines paying for that information is relatively small. By one estimate, that of Martin Walker, vice president of The Auditor, as many as 90 percent of publishers do not use outside monitoring services.

Karalee Arrigo, associate publisher for *Home Center Magazine*, explains that she would rather see each of the ads, especially new ones, to learn what kind of advertising they are interested in and what kind of creative work has gone into the advertisement. She also notes that at times, especially with more and more special sections in magazines, it is difficult to tell whether some pages are editorial or advertising. She says she prefers to have the hands-on control to judge for herself how to classify each ad.

One magazine, a Chilton book, has found an important secondary use for its competitive data.

Other magazines simply have no need to track their competitors. Weller says that some markets are so vertical and the competition so limited that there is no need to go through the expense and hassle of tracking. Each of the publishers in the market knows exactly where the advertising is going each month.

Most sources, however, don't buy the hands-on rationale. Explains Weller: "It's real easy for a sales force, on an individual basis, to go through their competition four or five times, leafing through it to see who the advertisers are. The problem is that they don't develop a history. They see the ads and know when and where they ran, but they don't develop a feeling for how much is coming out of that advertiser.

"We use the reports to give our sales reps an opportunity to see the complete picture," concludes Weller. "We took away the onus of top-of-mind."

Adds Kari Mitchell, president of Patterson Advertising Reports (PAR), many publishers feel it is easier to cost justify "borrowing" the time of a staff person to track competitors. She, on the other hand, believes that most publishers would find net costs attributed to tracking lower if performed by an outside service. She estimates that a medium size magazine in a competitive market might require two salaried people, plus a computer system, to generate the level of reporting that a tracking vendor can supply.

Some publishers have switched to tracking services for that very reason. Jeffrey Berlind, publisher of *Restaurant Business*, says he used to have in-house people doing the tracking but dropped that in favor independent vendors. "It's one of those things where it's a clerical function and you can spend a lot of money constantly hiring people. It just becomes a pain in the neck," he says, adding that not having to train new people continually is cost justification enough for using outside services.

How they work

In general, the vendor subscribes to the magazines it tracks. As the magazines come in, a staff of readers goes through each issue. In processing, most vendors say, each ad is looked at three or four times to assure the accuracy of the computer coding. Personnel assigned to checking and coding ads identify the advertiser, product, brand, size, color and so forth. They identify regional editions of the publication and whether the ad is a supplement, insert or card. Each variable is computer coded and the data is distilled into computer files or large databases. Once in the system, sophisticated software programs can draw on the data, merge it with rate card and territorial data supplied by publisher, and generate dozens of different reports.

Most of these large database vendors appear to concentrate primarily

on publishing, and often on magazines only. Many of the executives have come out of publishing and ad sales. As a result, their programming comes from a publishing and ad sales perspective, rather than as an adaptation from another industry.

Some companies work under the system of account managers so that the managers become experts in their particular magazine market. That person becomes the contact for magazine clients when they need questions answered or last-minute reports printed out.

The reporting itself is usually on a subscription basis. Each month, or according to the frequency of the publication and its competitors, the vendor puts together a customized report package for each publisher. Some vendors offer separate packages for management and for salespeople. In most cases, the reports, which can run dozens of pages of computer printout, come with a one-page summary that spotlights specific changes in sales trends or market share, new advertisers in a market, advertisers that are missing that month, and so forth.

The best known service is probably Leading National Advertisers (LNA), from which the Publishers Information Bureau tracks and reports on nearly 150 consumer magazines, on a membership basis. The LNA-Rome Report monitors some 580 business publications in 81 Standard Rate & Data Service classifications. The magazines tracked are not necessarily subscribers to the service.

Other services, such as Space Analysis Systems and the Periodical Studies Services' The Auditor, track a wide range of consumer and trade publications on a client request basis. A publisher tells the service what magazines to track and sets such parameters as sales territories and product categories to be monitored.

"None of this means that any of the services lock themselves out of new markets, or that they will not take on additional magazines not already tracked."

The bulk of the tracking industry, however, is characterized by companies serving very specific niches. They monitor every magazine in a specific magazine category, consumer or business, regardless of client request. Obviously, they choose only markets with a high potential for subscriber sales—and that has left many magazine markets without a committed monitor.

But the tracking industry has experienced substantial growth in the last several years, and most companies admit that with the niche type of marketing they are involved in, there is plenty of room for growth. In fact there are a number of limiting market factors at work that keep these services within certain areas of expertise. One is simply the market. Several of the services do the pioneering work, going into a new magazine market and initiating the tracking process without a client request. The assumption is that once they have some numbers to show, they can market their reports to the publishers in that market. An example is PAR's recent venture into parenting and baby magazines. As one of the fastest growing magazine markets, one that is becoming increasingly competitive, the parenting market, Mitchell says, is ripe for competitive ad tracking.

But services that are making that initial investment in tracking an industry must also weigh carefully their ability to sell to publishers the data they track. For instance, Hall's Magazine Reports, which concentrates mainly on the sports-oriented male magazine market, has signed on every magazine in the boating industry—publisher Philip R. Morris, having worked for several major boating titles, launched Hall's ad tracking service based on his expertise in the boating market.

On the other hand, Hall's looked at initiating tracking services for the popular science magazine field several years ago. At the time, industry predictions had it that the swelling number of titles in the field had a promising future. Interviewed several days after the recent sale of *Discover*, now one of the few of its breed remaining, Morris breathed a sigh of relief for having decided not to pursue that market.

Another consideration is the level of expertise required just to comprehend advertising enough to code it into a databank. Morris says Hall's has avoided the temptation to venture into a number of markets such as electronics and computer magazines because of

Vendor report formats

The following is a sample of the kinds of reports available from professional vendors. Each, depending on its nature, can be broken out according to such variables as alphabetical order, publication, sales territory, state, Zip, salesperson, advertiser, product category, size-rank, page units, revenue and so on.

- Account listing by product category
- Alphabetical advertiser
- Exclusive accounts
- Individual company profiles
- Missing advertisers
- Page volume analysis
- Product summary
- Rank-size
- Rate card comparison
- Revenue share
- Revenue by unit comparison
- Sales call tracking
- Share of market
- 12-month advertiser activity
- Unrenewed advertisers
- Year-end summaries

Our size and specialization, as the world's largest response card printer, enable us to satisfy even...

...the toughest customer! Specialization inevitably leads to special expertise. At Scoville Press, that means we've developed the ability to satisfy the most demanding direct response card pack publishers.

As the *largest* printer of response cards of all kinds, we print and mail card packs, both 3½" x 5½" and new 5" x 7" "Jumbo" card packs for *extra* impact. Other options include 4-color process cards on coated stock, especially suitable for *consumer* card packs, as well as single or multi-fold cards.

Call or write Don Wildman, president, and let us *prove* we can meet your needs for turn-around, quality, and cost control. Even if you *are* a tough customer.

Scoville Press, Inc.

14505 27th Ave. North
Minneapolis, MN 55441
(612) 553-1400

Circle no. 110 for more information

the specialized knowledge needed to break the advertising down into accurate and meaningful reports.

Alternative vendors

However, none of this means that any of the services lock themselves out of new markets, or that they will not take on additional magazines not already tracked. The way Mitchell sees it, a new magazine tracked for one client opens the door for PAR to market that information to another market.

An option to services that deliver complete printed report packages each month is an on-line databank such as that maintained by C Systems, a specialist in the high technology market. According to vice president James R. Callan, C System's Ad-Line service monitors some 20,000 companies and more than 170 publications that they advertise in. A magazine publisher with a personal computer and modem can tie into the Connecticut company's database for nearly instantaneous information on particular companies, product categories or specific magazine competitors.

Is the in-house use of vendor data the wave of the future?

Hall's Magazine Reports is working on a variation of the on-line concept with the raw data for certain magazine markets available on floppy disks for personal computers. A magazine subscribing to the service might use that data with special report writing software to customize its own reports—for example, an analysis of advertising in a specific product category to be used as back-up in a sales presentation. Morris sees the in-house use of vendor data as "the wave of the future."

Perhaps it is. At least two other vendors, AMS/Adserve and Policy Development Corporation (PDC), are moving in that direction. Adserve president Terry Nathan believes that given a system simple enough to use with no training, most publishers would want to replace outside reporting services with computer hardware and software needed to generate the same reports in-house.

Adds Barbara Bittle, vice president of sales and marketing for PDC, "Every publisher has their method of reporting. You can always hand them a standard report out of an existing library, but everyone wants to do just this specific thing. That's when it becomes interesting to get something like a report writer."

Both systems rely on the publisher to collect the data and enter it into the system. The benefit comes in the flexibility to write reports in any form, at any time.

Added services

Where the average publisher might get three to five different reports in his subscription package, depending on the vendor, another useful option for many publishers is one-shot reports. Berlind of *Restaurant Business*, for example, gets four regular monthly reports from his tracking service. On occasion, before meetings with certain key advertisers, he asks the service to generate specific reports on that advertiser's product category. He wants to know, going into that meeting, what that advertiser has spent over the last couple of years, where it was spent and what the competition has done.

The restaurant and food services group at Cahners Publishing uses a tracking vendor to supplement reports generated in house. Each magazine at Cahners has someone assigned to monitoring a number of key competitors and coding data into a centralized computer program for competitive tracking reports. However, certain outside vendors track the restaurant and hotel industries on a much broader scale—more than 20 magazines tracked compared to the seven or eight that Cahners regularly tracks.

As part of their report package, some vendors offer a number of special or optional reports that the publisher may want only every six months, or once a year. Publishers might, for example, get an alphabetized list of all advertisers in the market once a year to scoop up prospects; or a rank-size report to reshuffle lists of key and target accounts for a presentation at the annual sales meeting.

Berlind admits that because of the expense of one-shot reports, he would rather have his own researchers develop their own from the monthly vendor data. However, special vendor reports are frequently faster, easier and more

Ad monitoring services

Company	Types of publications monitored	Number of magazines monitored	Standard/ customized	Base fee
AMS/Adserve 49 W. 27 St. New York, NY 10001 Est. 1985 Contact: Terry Nathan	Consumer and trade publications on client-operated computer system	User determined	7 standard unlimited custom	$3,000 to $6,000 purchase price; $27.50/hour on-line
ADMATE® P.O. Box 34470 Bethesda, MD 20817 301-469-9220 Contact: Richard Mostow	Consumer and trade publications on client-operated computer system; an add-on software module to ADMATE,® available fourth quarter 1987	User determined	20+	ADMATE® software $5,950; tracking module, $950
Adscope P.O. Box 226 Goldendale, WA 98620 509-773-3703 Est. 1982 Contact: Sheil. Clarke	Computer, telecommunications, electronics, retail chain and health care publications	175	8	$125-$850
The Advertising Checking Bureau 2 Park Ave. New York, NY 10016 800-638-8333 Contact: Brian McShane	Consumer an[illegible]e magazines, daily Sunday and w[illegible] newspapers; home-delivered circulars	120	20 standard 200-300 custom custom	$100/mo., plus fee per ad feature reported
The Auditor, Periodical Studies Service 200 W. 57 St. New York, NY 10019 212-586-3606 Contact: Martin S. Walker	Consumer, business and trade publications on customer request	400+ in U.S. and Canada	13 monthly 6 quarterly or semiannual	$110 per month per title tracked
Bacon's PR and Media Information Service 332 S. Michigan Ave. Chicago, IL 60604 800-621-0561 Est. 1932 Contact: Marilyn Bacon	Consumer, trade, business and farm journals, and daily newspapers	4,200	Available on request	Varies according to report
Burrelle's Advertising Analysis Service 75 E. Northfield Rd. Livingston, NJ 07039 201-992-6600 Est. 1979 Contact: Matthew Barba	All magazines and newspapers published in the United States and Canada	Over 16,000	100+ custom	$500/mo. minimum based on titles tracked

directly to the point.

Not all vendors offer one-shot reports, but for some, it's a significant piece of business. Neither does all the one-shot business come from publishers. Several vendors have found that advertising agencies are increasingly looking for competitive product market information to beef up pitches to new clients or to bolster arguments why an advertiser should increase his ad budget. According to Mitchell, some agencies subscribe to reports on certain product categories in order to keep on top of advertising activity in that market—rather than reading each of the magazines each month.

Hall's offers an interesting twist on agency interest in tracking reports. According to Morris, the company does not sell reports to agencies, but it refers the agency to a list of its magazine clients subscribing to the reports. In so doing, Hall's refers a hot prospect to one or more of its clients. "It seems to be one of the best ways to pay back salespeople for the business they give us," says Morris.

Putting the reports to use

Application of competitive advertising information to the marketplace is as flexible as the management styles of the people who use the reports. Their greatest use, say users, is as a guide to where to focus attention. They can point out the strengths and weaknesses of the entire sales effort, or of individuals on the sales force.

What competitive reports cannot do is tell a publisher how to react to numbers that reveal deficiencies.

Some tracking services keep track of sales calls made by their clients' salespeople. They rely on the publisher to provide them, each month, with information on sales calls made by each salesperson, who made each sale, and

Ad monitoring services

Company	Types of publications monitored	Number of magazines monitored	Standard/ customized	Base fee
C Systems, Ltd. P.O. Box 639 Ridgefield, CT 06877 203-438-0652 Est. 1975 Contact: Earlene Callan	Primarily high-tech publications, but also major business, industrial and travel trade titles. Consumer titles starting July 1987	160-180	5 standard 40 custom	$600 to $6,100 per year
Hall's Magazine Advertising Reports 544 Old Post Road #3 Greenwich, CT 06930 203-661-0190 Contact: Philip R. Morris	Special interest magazines in automotive, boating, motorcycles, photography, skiing, golf, science and mechanics, hunting, fishing and outdoor	50	both	Available on request
LNA-Rome Reports 136 Madison Ave. New York, NY 10016 212-725-2700 Est. 1983 Contact: Kathren Franolich	Business and trade publications	582	10 standard	$285-$750
Leading National Advertisers (LNA) 136 Madison Ave. New York, NY 10016 212-725-2700 Contact: Kyra Koury	Magazine members of the Publishers Information Bureau—consumer magazines plus four national newspaper supplements	151	20+ standard 40+ custom	$140
PERQ 88 Danbury Rd. Wilton, CT 06897 203-834-9983 Contact: Peter Danos	Professional journals in medical/ surgical, pharmacy, lab/pathology, ophthalmology, optometry, radiology, dental and nursing	375	8 standard 5 custom	Available on request
Patterson Advertising Reports 550 N. Frontage Road Suite 294 Northfield, IL 60093 312-446-9233 Est. 1979 Contact: Wally Patterson	Special interest consumer and business magazine markets	125	26 standard 10 custom	$300/mo.
Space Analysis Systems (SAS) 2300 Computer Ave., Suite H38 Willow Grove, PA 19090 215-938-0160 Est. 1979 Contact: Steven S. Livers	Business, trade, scientific and specialized consumer magazines, tabloids and journals	300	33	$330/month based on ad pages monitored

how credit for pages sold should be distributed among the people involved in joint sales. With that, computerized printouts can demonstrate the effectiveness of the individuals. If a manager notices that the magazine is not getting business from a certain account, he can demand a report explaining why the magazine is not getting that business and what the salesperson is doing to get it. *Review of Optometry* is basing its bonus program this year on how well individual salespeople do with the magazine's largest advertisers—as indicated on ad monitoring reports.

Sources such as Weller see a danger in attributing too much value to the numbers generated in tracking reports and turning the information against individuals whose numbers may not stack up as highly as a manager expects. "The idea is to help the sales force, to help management, not to criticize the individuals," says Weller. "The intent is not policing—it's making sure that when you're too close to the forest to see the trees, that you have all the trees listed."

Mitchell, and indeed all vendors, stand by the accuracy of their monitoring, but she says that once in a while, when a manager goes to a salesperson asking about discrepancies between PAR reports and the salesperson's call reports, PAR often takes the blame. Counters Mitchell, "What we're counting, and what's showing up in the reports, is only what we're seeing in the magazines."

But for the most part, subscribers to the service are eager for any information they can get on their competition. The publisher of *Designers West* uses PAR probably more freely than the rest. Mitchell says he calls every month looking for sneak previews on page counts before the reports are mailed to the rest of the market.□

Trends in single-copy sales

More trouble lies ahead unless circulators can reverse negative single-copy sales trends

Newsstand sales are suffering on all fronts—reductions in units sold; decreases in available sales outlets; and eroding percentages of sell-through.

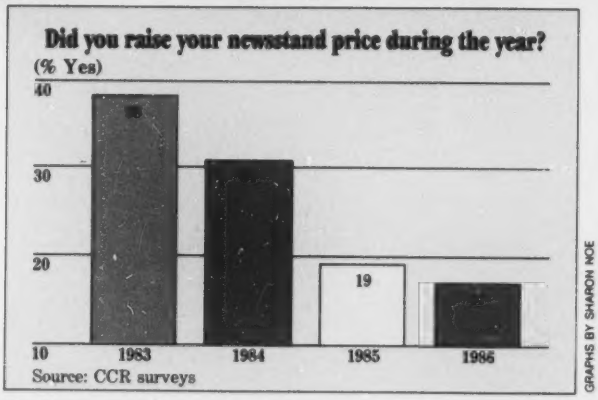
These are facts that must be addressed. If the trend toward declining sales does not reverse, more and more pressure will be put on subscription sales, according to E. Daniel Capell, president of Compuname/Names in the News, Inc., and editor of *Capell's Circulation Report (CCR)*. Capell offers an analysis of trends in newsstand sales in this, the third part of a three-part series.

Most circulators believe that the proliferation of new titles is the primary reason for the problem in single-copy sales, according to Capell. However, other important factors are playing a part. One is the increased number of stamp-sheet mailings and promotions. According to Capell, these have made consumers feel they would be "crazy" to pay full newsstand price.

National distributors are also finding it harder to handle smaller titles, since they make most of their money on 15 to 20 big sellers. There is also a decrease in retail outlets for magazines, and related to this, little attention paid to the titles that are in the stores now. No one is worrying about how the magazines are displayed in the stores, explains Capell.

In addition, there are fewer wholesalers. This means that the average wholesaler must cover more territory—which inevitably means that retail outlets are being serviced less frequently, he says.

Magazines can fight back, however, notes Capell. One possibility is for them to become more aggressive on pricing. Also, the trend toward mixing a controlled circulation with paid will take the pressure off getting the circulation numbers and allow for price increases. And, advancements in information flow will surely help newsstand sales. It currently takes too long to get sales figures on an issue-by-issue basis. The sooner circulators get single-copy sales performance figures, the quicker they can respond, notes Capell.



GRAPHS BY SHARON NOE

Perhaps circulators don't have to be so conservative about raising cover prices. Only 17 percent of the circulators surveyed increased cover price last year.

Publisher's Statement

Statement required by the Act of August 12, 1970; section 3685, title 19, United States Code, showing the ownership, management, and circulation of Albuquerque Living, published monthly at 420 Central Ave. SW, Albuquerque, NM 87102, as amended for October 1, 1984. Number of issues published annually: 12. Annual subscription rate: $20.00. The general business offices to the publisher are the same. Name and address of the Publisher: Paul T. Young, P.O. Box 928, Albuquerque, NM 87103. The owner is Starlight Publishing Ltd., P.O. Box 928, Albuquerque, NM 87103. Starlight is a limited partnership operated by one general partner: Paul T. Young, P.O. Box 928.

		Avg. no. of copies of each issue the preceding 12 mos. are:	Actual no. of copies of single issue pub. nearest to filing date are:
A)	Total no. of copies printed (Net Press Run)	16,000	16,000
B)	Paid Circulation:		
	1)Sales through dealers	3,783	4,142
	2)Mail subscriptions	6,957	6,895
C)	Total, paid circulation	10,740	11,037
D)	Free (or sample) distribution	3,543	3,605
E)	Total distribution	14,283	14,642
F)	Copies not distributed:		
	1)Office use, spoiled	500	500
	2)Returns from news agents	1,217	858
G)	Total	16,000	16,000

I certify that the statements made by me above are correct and complete.

Paul T. Young, Publisher

To keep an eye on the competition's newsstand sell-through, analyze the statement of ownership. All second class mailers must run this statement once a year. Line B1 gives the number of copies sold through vendors, while line F2 shows the number of copies returned from news agents. To figure out sell-through, divide the total on B1 by the sum of B1 and F2.

Circulation trends: Part 3

Newsstand unit sales
(ABC members)

	No. members	Unit sales (000s)
1980	407	90,895
1981	406	86,786
1982	431	85,373
1983	439	83,817
1984	473	81,824
1985	474	80,540
1986	481	76,512
% Change 1980-1986	+18.2%	−15.8%

Note: Subscription sales have increased 37.4% over the same 1980-1986 period

Source: MPA

The average unit sale per issue has declined 15.8 percent from 1980 to 1986, although the number of Audit Bureau of Circulations members increased by 18.2 percent during that time. Gains in subscription sales have helped offset the newsstand circulation losses.

Average newsstand sales per issue (000s)

	Draw	Sale	% Sale
1982	107,566	72,111	67.0
1983	107,218	70,078	65.4
1984	105,720	67,718	64.1
1985	104,034	65,340	62.8
1986	101,656	62,566	61.5
% Change 1982-1986	−5.5%	−13.2%	−8.2%

Source: Statements of Ownership for the same group of 133 magazines for each year

Sell-through has steadily declined over the past five years, from 67 percent in 1982 to 61.5 percent in 1986, according to statistics compiled from the statements of ownership of 133 consumer titles. The 61.5 percent figure may be misleading, however, because it reflects primarily the sell-through of a select few magazines that actually sell better than most titles.

Top 10 newsstand sellers (000s)

Magazine	1982	1986	% Change
1. TV Guide	9,724	8,415	−13.5
2. Family Circle	7,156	6,079	−15.1
3. Woman's Day	6,963	5,793	−16.8
4. National Enquirer	4,416	3,944	−10.7
5. The Star	3,564	2,677	−29.7
6. Penthouse	3,809	3,362	−5.7
7. Cosmopolitan	2,656	2,579	−2.9
8. Good Housekeeping	1,917	1,714	−10.6
9. People Weekly	1,893	1,682	−11.1
10. Globe	1,992	1,561	−21.6
	44,409	37,806	−14.3

Source: Statements of Ownership. Based on 1986 ranking

The top 10 newsstand sellers are hurting more than the 133 that *CCR* measures. The top 10's total volume is off 14.3 percent, compared with 13.2 percent for the *CCR* group.

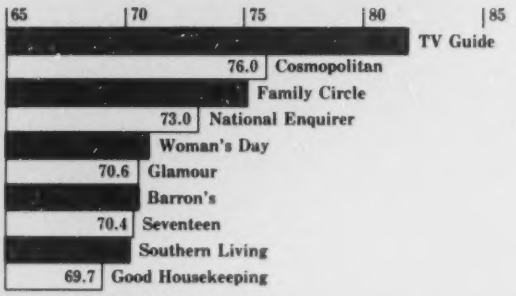
Industry sales without top 20 sellers (000s)

	Draw	Sale	% Sale
1982	36,911	19,713	53.4
1986	35,887	17,033	47.5

Source: Statements of Ownership

A more realistic sell-through number emerges if the top 20 newsstand sellers are left out of the analysis. Percent sell-through is 47.5 percent for the rest of the industry, down from 53.4 percent in 1982. This compares with the 61.5 percent 1986 sell-through figure registered for 133 magazines.

1986 top 10 in percentage sell-through



Source: Statements of Ownership

There are only nine titles left (of the 133 measured by *CCR*) that sell 70 percent or better of their draw. There were an additional 15 titles that sold between 60 percent to 69 percent of draw last year. In 1982, there were 19 magazines that sold better than 70 percent of draw, and 23 that came in between 60 percent and 69 percent.

Percent sale by category of draw

	1982	1983	1984	1985	1986	% Change 1982-1986
1 Million+	73.1	71.1	70.5	68.7	68.4	-4.7
500M—999M	58.4	56.6	54.7	54.7	52.2	-6.2
250M—499M	52.9	50.0	48.2	47.0	44.4	-8.5
under 250M	48.9	48.8	47.6	44.6	44.1	-4.8

Source: Statements of Ownership for the same group of 133 magazines for each year

The greatest decline in percent sale of draw is registered by those with a draw between 250,000 and 499,000, dropping 8.5 percent over the past five years. The 44.1 percent sale of draw that the magazines in the under-250,000 category reported in 1986 is closer to the sell-through many magazines are experiencing.

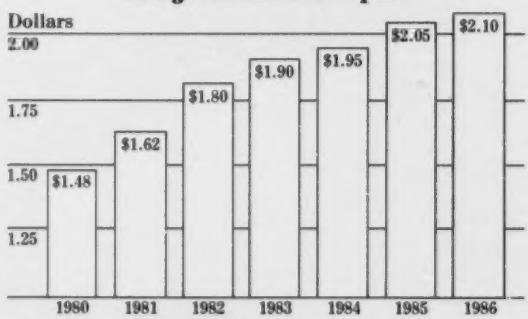
Summary
(1982-1986)

	No. magazines	% of total (133 mags)
Gained percent sales	21	15.8
Gained units sold	48	36.0
Gained units sold, percent sold, and raised price	14	10.5

Source: Statements of Ownership

Only a limited number of magazines, 14, were able to pull off a triple play in the past five years, gaining units sold and percent sold, and raising cover price.

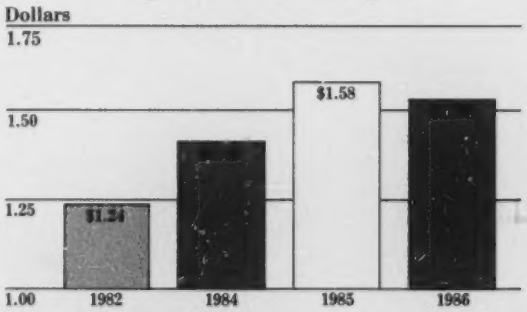
Average newsstand cover price



Source: Statements of Ownership, MPA

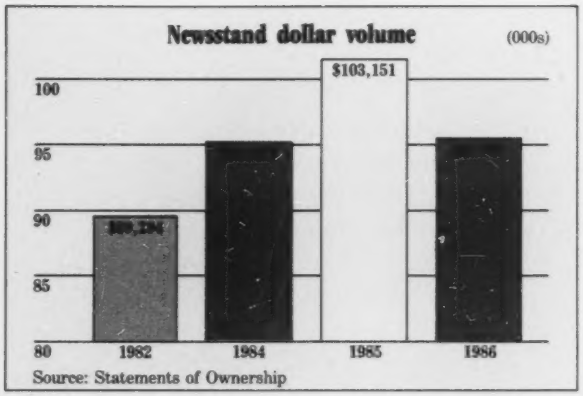
The average newsstand cover price has increased 41.9 percent from 1980 to 1986. . . .

Weighted newsstand cover price



Source: Statements of Ownership

But the increases take on a different meaning when a weighted average is considered. By dividing newsstand cover prices by the units sold, as opposed to just the total number of magazines on sale, we see that the average weighted cover price actually declined in 1986.



1986 was the first year in four years of tracking that newsstand dollar volume decreased. Dollar volume was $95.7 million last year. The decline in unit sales is happening faster than what can be offset by cover-price increases.

Circulators offer an analysis of newsstand sales declines. Most say it's the proliferation of titles. Indeed, the Audit Bureau of Circulations had 481 members in 1986, compared with 407 in 1980. There are, however, fewer retail outlets for magazines, and this may be affecting sales more than circulators realize.

Advertisement

Tough ad sales questions answered by custom research.

Third-party research important for justification of magazine selection.

When media planners ask, "How do I know my client's prospects read your magazine," are they being good guys or bad guys?

"Probably good guys," says Jack Semler, Vice President of Readex. "They are asking you to supply the support needed to justify recommending your magazine in the client's media schedule. The best support is in the form of independent, third-party verification of the magazine's claims. Custom research does that best."

Semler knows because Readex has been producing custom research surveys for publishers over several decades. "We have found that most publishers have research needs that require custom-designed questionnaires and sophisticated research techniques."

Three types of custom research surveys provide the bulk of tailor-made studies conducted by Readex.

- Audience Profile Studies define reader characteristics and buying practices.
- Preference studies look at the magazine reading habits of a market rather than the reading habits of a single magazine audience.
- Market Profile studies take the "market view" rather than the single-magazine-audience view. Market Profile studies answer important questions on the size and shape of a market: Who buys what? How much do they buy? What are their plans to buy in the future?

In addition, Readex is also offering other types of custom research designed to solve special problems for publishers:

- New Magazine Start-up studies
- Editorial Audits
- Annual Check-up studies for annuals, directories and buyer's guides.

Are there other types of custom research studies? "Oh yes," says Semler. "You may not be able to put a name to the study or even describe it. All you need is the ability to describe your problem and the faith that the answer lies in the collective thoughts of some definable market. We'll be happy to discuss your needs."

For a free brochure on Readex custom research or more information, write:

Jack Semler, Vice President
Readex, Inc.
140 Quail St.
St. Paul, MN 55115

Or phone him at (612) 426-3221

In Canada contact:
Keith Irwin
Readex, Inc.
10 Walker Ave. Unit III
Toronto, Ontario M4V 1G2
(416) 925-6479

readex•

Circle no. 107 for more information